

Arizona Form A-4

1998 Employee's Arizona Withholding Percentage Election

Arizona Revised Statutes § 43-401 requires your employer to withhold Arizona income tax from your compensation paid for services performed in Arizona for application toward your Arizona income tax liability. **Arizona withholding is a percentage of the amount of federal income tax withheld.** Complete this form to elect an Arizona withholding percentage.

New Employees

Complete this form within the first five days of employment to elect an Arizona withholding percentage. If you do not complete this form, your employer must withhold the minimum withholding percentage based on your annual compensation. If your annual compensation is less than \$15,000, the minimum withholding percentage is 10 percent. If your annual compensation is \$15,000 or more, the minimum withholding percentage is 17 percent, effective for payroll periods beginning on or after August 21, 1998.

Current Employees

Complete this form to elect a different Arizona withholding percentage. If you want to increase or decrease the amount of Arizona withholding, you must complete this form to change the Arizona withholding percentage. If your annual compensation is \$15,000 or more, you must complete this form to elect the new minimum withholding percentage of 17 percent for payroll periods beginning on or after August 21, 1998.

Electing a Withholding Percentage of Zero

Effective for payroll periods beginning on or after August 21, 1998, you may elect an Arizona withholding percentage of zero, if you meet both of the qualifying conditions for the election. You qualify for the election if: (1) you had no Arizona income tax liability for the taxable year 1997, AND (2) you expect to have no Arizona income tax liability for the taxable year 1998. If you make this election, your employer will not withhold Arizona income tax from your compensation for payroll periods beginning after the date of your election. Your employer cannot refund to you the amount of Arizona income tax withheld from your compensation for prior payroll periods in 1998. *This election applies only to payroll periods during the remainder of 1998.*

Effective for the first payroll period in 1999, you must complete the 1999 Arizona Form A-4 to elect a higher Arizona withholding percentage or to elect the zero withholding percentage for payroll periods in 1999, if you meet the qualifying conditions for the taxable year 1999. If you do not timely complete the 1999 Arizona Form A-4, your employer must withhold the minimum withholding percentage based on your annual compensation. Your employer will make the 1999 Arizona Form A-4 available to you at the beginning of 1999.

Voluntary Withholding Election by a Nonresident Employee Exempt Under the Provisions of Arizona Revised Statutes § 43-403(A)(5)

Use this form to voluntarily elect to have a portion of your compensation withheld under the provisions of Arizona Revised Statutes § 43-403(D)(1) for application toward your Arizona income tax liability. Complete this form to elect an Arizona withholding percentage.

The exemption under the provisions of Arizona Revised Statutes § 43-403(A)(5) applies to wages paid to nonresident individuals who are:

1. Employed by a company having property, payroll, and sales in Arizona or by a related entity having more than 50 percent direct or indirect common ownership; and
2. Physically present in Arizona for less than 60 days in a calendar year for the purpose of performing a service that will benefit the employer.

Activities not included in determining the number of days of service are:

- a. Being in transit.
- b. Engaging in personal activities.

c. Participating in training or professional development activities or attending meetings that are not directly connected to the Arizona operations of the employer.

***Note:** This exemption does not apply to a nonresident employee who is in this state solely for athletic or entertainment purposes.*